

# Exporting Good Governance the Canadian Way

A Report of the CIC Meeting on Canadian Development Aid and Good Governance Programming

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*"... too often, we do not know what we are talking about when we set off down the democratic assistance path. Our aspirations blind us to lessons of experience or to seeking out what those lessons are. We certainly have not systematically assembled or assimilated thoughtful analysis of our experience (and expenditures) to date. We have more hypotheses about external intervention in other people's politics than conclusions."*

Maureen O'Neil, President  
International Development Research Centre (IDRC)<sup>1</sup>

## Introduction

Can "good governance" be "exported" to developing countries, especially by a country such as Canada? If so, should Canadians be exporting good governance abroad? These are, of course, difficult questions, the answers to which can be both politically charged and hotly contested. Still, they are questions that must be asked, if for no other reason than that, over the course of the last two decades, millions of Canadian dollars have been spent on good governance programs, with varied results to show for it.

On 27 October 2007, approximately thirty esteemed academics and former and current practitioners met at the Centre for International Governance Innovation (CIGI) in Waterloo, Ontario, for a panel discussion on Canadian good governance programming. The basis for the discussion was the newly-released collection of essays entitled *Exporting Good Governance: Temptations and Challenges in Canada's Aid Program* (Wilfrid Laurier University Press/CIGI), edited by Jennifer Welsh and Ngaire Woods. Sponsored by the Canadian International Council (CIC), the session was chaired by Mokhtar Lomani, the Special Representative of the Arab League in Iraq in 2006. The panelists included both of the book's editors, as well as Robert Greenhill, President of the Canadian International Development Agency (CIDA), and Maureen O'Neil, President of the International Development Research Centre (IDRC). Using Canada as a test case for the larger donor community, the aims of the book are twofold: first, to assess whether it is possible to export good governance abroad; and second, whether there is any proof that this type of development assistance actually accomplishes anything.<sup>2</sup> The purpose of the session was

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<sup>1</sup> Maureen O'Neil, "Foreword," *Exporting Good Governance: Temptations and Challenges in Canada's Aid Program*, Jennifer Welsh and Ngaire Woods (eds.) (Waterloo: Wilfrid Laurier University Press/Centre for International Governance Innovation, 2007), p. ix.

<sup>2</sup> Jennifer Welsh and Ngaire Woods, "Introduction," *Exporting Good Governance*, pp. xii-xiii.

to broaden the discussion beyond the contributors to the book. So as to allow for a frank and open dialogue, Chatham House rules were in effect.

This report is organized into two parts: the first explores some of the general dilemmas, both moral and practical, relating to good governance emanating from the developed world; the second examines the Canadian experience with good governance programs. What the discussion revealed was that the various ways in which these programs are conceived and implemented say as much about donors such as Canada and their perceptions about what they believe they are capable of doing in the world, as they do about the recipients of their aid programs.

## Some Dilemmas Associated with the Exporting of Good Governance Programs

There was a healthy dose of skepticism in the room about both the desirability and usefulness of good governance programs, Canadian or otherwise. Issues of sovereignty and neo-colonialism aside, several participants doubted whether donors had either the necessary expertise or capacity to implement good governance programs. They cautioned that developed nations' track record in this area was neither extensive nor terribly successful: in some cases, signs of progress were negligible at best; in others, these programs had caused more harm than good.

Their skepticism was neither misplaced nor unwarranted. As several participants noted, past exports have often had unintended and sometimes dire consequences. The "Washington Consensus," the structural adjustment programs of the 1990s in which governments of the South were forced to cut spending on social programs in order to be eligible for development assistance, had not only failed to produce economic growth but in many cases had undermined development as well. Moreover, aid programs have traditionally been driven by many factors, some of which have little to do with the needs of the recipient. For example, national aid agencies are under tremendous pressure to be accountable to domestic stakeholders such as treasury boards and finance departments, political leaders, and taxpayers. There has been a temptation in the past to "show the national flag," or justify budget expenditures by funding highly visible but isolated projects, often at the expense of developing a coherent strategy. Good governance programs have been also, at times, poorly coordinated, applied in an inconsistent manner, and of questionable value, all of which have undermined their effectiveness (the point was raised that donors have been guilty of reducing "capacity-building" to a "litany of conferences, seminars and workshops").<sup>3</sup> Finally, "top-down" approaches to governance, those that have been imposed on recipients by donors, have rarely, if ever, been successful. Put another way, one participant suggested that the "supply" of this sort of product was of little relevance if there was no "demand" for it; to work, good governance must be imported, meaning it must come at the request of the recipient, not the donor.

It was not clear, however, that there is necessarily a strong demand in the developing world for good governance programs from more economically advanced countries, in part because of the emergence of alternatives. Diaspora populations are becoming increasingly involved in resource

<sup>3</sup>For a critique of the shortcomings of the international aid system, see Ngaire Woods, "The Politics of Aid," *Exporting Good Governance*, pp. 3-20.

transfers, with remittances now making up a growing percentage of the funds that move from the developed to the developing world. Private foundations, which tend to have highly focused agendas and considerable resources at their disposal, in recent years have become major players in the international aid system, intruding in areas of development assistance that were once the exclusive domain of states, international aid agencies and non-governmental organizations (NGOs). Ideological and economic rivals to the West, such as Venezuela, China and the Gulf States, have also begun funding development. Unlike the "traditional" donors, these states are not making aid conditional upon good governance (there are different conditions at play), and often they package aid with trade and commercial deals, all of which explains, at least in part, why assistance from these emerging donors is so attractive to low-income countries, especially those in Africa. One participant suggested that there is an opportunity for traditional and new donors to work together to coordinate their efforts. While this is perhaps desirable, it is not clear that, given the politics of aid programs, it is entirely feasible.

There were similar misgivings with the adjective "good," which many in the room believed was as loaded a term as "exporting." Part of the problem is that there was no consensus on what "good" means. In some contexts, it might mean fostering a climate that is conducive to trade, investment, and economic growth;

in these cases, the purpose of "exports" would be to share best practices relating to business, contract, competition and bankruptcy laws. In others, it might mean something that more closely resembles "democratic governance" or, to quote one participant, governance that addresses the "poverty of the soul." The definition that is employed may depend, at least in part, on donors' views on sequencing, more specifically whether they believe that economic growth is a prerequisite for democratic governance or vice versa. Still, one participant suggested that the focus on good governance missed the point, and that energies should be directed towards fostering "effective" governance in which the aim is to establish a system of rule that is inclusive, accountable and transparent. While there was general agreement that "good governance is fundamental to development and a goal in itself," and is thus a worthy pursuit, inconsistency and differing perceptions of what constitutes good (or effective) governance can be highly problematic for both recipients and donors, if for no other reason than it makes measuring either compliance or impact that much more difficult.

Of course, no discussion of good governance would be complete without some mention of corruption as an obstacle to development. All those in the room acknowledged that corruption is a problem but there was less agreement on what to do about it. One solution raised would see donors paying the salaries of public sector workers in order to buffer against the emergence of "self-financing public services." But governments in the developed world have traditionally been wary of this approach, their fear being that by doing so they will be incurring an ongoing budget expenditure.

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## The Canadian Experience

Given Canada's national motto — "Peace, Order, and Good Government" — it is perhaps not surprising that Canadians believe they have a "comparative advantage" in the area of good governance.<sup>4</sup> Indeed, under the Harper government, good governance programming has become a — if not the — central component of Canada's development assistance policies, particularly with respect to investments in fragile and failed states.<sup>5</sup> Perhaps the most striking example of this priority shift has been the creation of the Office for Democratic Governance within CIDA in October 2006, its purpose to promote "freedom and democracy, human rights, the rule of law and open and accountable public institutions in developing countries."<sup>6</sup> Parliament also appears to be supportive of the good governance agenda. In July 2007, the House of Commons Standing Committee on Foreign Affairs and International Development released a major report on Canada's democracy promotion programs, in which it recommended that Canada become one of the "world leaders" in the promotion and advancement of democratic governance to the developing world.<sup>7</sup>

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While most of the participants were generally supportive of this renewed attention to issues of governance, many suggested that Canada should proceed with caution. "Governance" is a relatively new program area for CIDA, the first attempts at linking foreign aid and good governance coming only in the mid-1980s.<sup>8</sup> Since then, Canada's commitment to promoting good

governance abroad has ebbed and flowed, and successes have not come easily. One participant warned of the temptation for governments to succumb to the "sacramental effect," meaning they opt for the establishment of new and highly visible institutions that offer physical proof of their commitment to the advancement of democracy. This is what happened in the 1980s with the Canadian Parliament's decision to establish the International Centre for Human Rights and Democratic Development (ICHRDD) (now Rights & Democracy). But this participant also contended that Rights & Democracy for many years did not live up to its full potential, in large part because it was given a modest budget, was located in Montreal, not Ottawa, and was underutilized by the federal government. Rather than creating new bodies, the suggestion was made that a more effective strategy would be to harmonize existing programs, despite the logistical challenges involved in coordinating the activities of different government departments, crown corporations, and NGOs.

<sup>4</sup> Jennifer Welsh, "Conclusion: Challenges and New Directions for Canada," *Exporting Good Governance*, p. 279.

<sup>5</sup> Government of Canada, "Government Response to the Eighth Report of the Standing Committee on Foreign Affairs and International Development — A Focus on Democracy Support," 2 November 2007. <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=216092>. Accessed 21 November 2007.

<sup>6</sup> <http://www.acdi-cida.gc.ca/cidaweb/acdicida.nsf/En/NIC-54102116-JUN>. Accessed 8 November 2007.

<sup>7</sup> Standing Committee on Foreign Affairs and International Development, "Advancing Canada's Role in International Support for Democratic Development," (Ottawa: Government of Canada, July 2007), p. 13.

<sup>8</sup> For a detailed history of Canada's good governance programs, see Ian Smillie, "Boy Scouts and Fearful Angels: The Evolution of Canada's International Good Governance Agenda," *Exporting Good Governance*, pp. 41-71.

If there is consensus that exporting good governance should be a priority for a country such as Canada, the obvious questions are "how?" and "where?" One option is for Canada to focus on developing expertise in a handful of niche areas.<sup>9</sup> Another is for Ottawa to "come at the subject indirectly," by concentrating on meeting specific "development outcomes" rather than "replicate a particular form of liberal democracy."<sup>10</sup> A third might involve focusing on "moments of opportunity" or "windows" in recipient states, and develop a multifaceted strategy that would include things such as assistance with elections, both national and local, reform of the criminal justice system, and providing basic necessities; in order to be able to do this successfully, the suggestion was made that donors "need to be present and engaged" on the ground so that it is possible to take advantage of opportunities as they arise. A fourth suggestion was that Canada concentrate efforts on strengthening the "drivers of growth," especially in middle-income countries, with the aim being to foster sustainable economic growth that, in a relatively short period of time, will be self-sufficient, and no longer dependent on donor assistance. A fifth would be to focus on technocratic objectives (that is, a functioning public service, good budgets, and so forth) rather than political objectives (such as democracy building), although it is not clear that supporting the former is any easier or less controversial than supporting the latter. Regardless of the strategy, the good news, as one participant explained, was that "in many cases, it takes only "a small amount of money, at the right time and in the right way" to make "an enormous contribution towards effective government."

Even so, to successfully export good governance, donors such as Canada will have to accept that change will not happen overnight. Constructing a vibrant liberal democracy is a highly complex and ambitious experiment in social engineering that must confront issues of insecurity, underdevelopment, breakdowns in rule of law, and systemic human rights violations. As one participant explained, "governance change is discontinuous." There will be moments of tremendous progress, as well as plateaus and "times when things regress." Governance reform is also unpredictable. To make a positive difference, donors must be willing to weather the "stormy periods," so to speak, and accept that contributions, especially those made "behind the scenes," may go unnoticed. Above all, they must be willing to not only invest substantial resources into these programs, but also to provide sustained investments, something federal governments have been hesitant to do in the past.

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<sup>9</sup> See also Welsh, "Conclusion," *Exporting Good Governance*, pp. 292-93.

<sup>10</sup> Welsh and Woods, "Introduction," *Exporting Good Governance*, pp. xix-xx.

## Conclusion

"Exporting governance," one participant argued, is ultimately about "intrusion into the sovereign affairs of another state," and as such, donors should tread carefully before embarking on grand experiments in nation building. There has been a tendency amongst donors to demand a "gold standard of governance" in which recipients must adopt best practices in a timely manner in order to be eligible for aid. This has proved problematic in the past. When expectations have been unrealistic, especially in the short term, the priorities of donors and recipients have often clashed. To avoid this, donors may have to settle for "good enough governance."<sup>11</sup>

Nor are good intentions sufficient on their own. Although political will is a crucial piece of the puzzle, it must be accompanied by a clear set of objectives that take into account the needs of both donors and recipients. Success will require investing in research on democracy promotion

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as an aspect of development. It will also require both evaluating past initiatives, something governments have been reluctant to do for fear of having to answer to taxpayers, and including scholars from the South in the evaluation process. Most of all, it will require a flexible and humble approach to governance that recognizes that states develop on different trajectories, and that change will not take place overnight.<sup>12</sup>

The Conservative government recently announced that it would be conducting an independent evaluation of "all public funds" provided for supporting democratic governance abroad, the intention being to develop policies that are better informed and ultimately more effective.<sup>13</sup> But reforming a political system is a massive undertaking. There may be a temptation on the part of donors to presume they have all the answers, and thus be prescriptive in their dealings with recipient governments, forgetting that effective governance took centuries to develop in the West. One of the conclusions of the discussion (as well as the book), and, one hopes, an outcome of the forthcoming review, is that donors will have to take recipient country ownership and leadership seriously if good governance programs are to be effective.<sup>14</sup> Perhaps, as one participant suggested, this begins with the simple question "what is it that you want to do?"

<sup>11</sup> This is one of the central recommendations of *Exporting Good Governance*. See Welsh, "Conclusion," p. 287.

<sup>12</sup> See Welsh, "Conclusion," *Exporting Good Governance*, p. 291.

<sup>13</sup> The purpose of the evaluation is to assist Canadian officials in five key areas: to help develop a focussed policy; improve knowledge, improve coordination of Canadian organizations, improve evaluation and communication of results, and provide a strategic assessment of Canada's capacity in the area of support for democratic governance. Government of Canada, "Government Response to A New Focus on Democracy Support," 2 November 2007.

<sup>14</sup> See Welsh and Woods, "Introduction," *Exporting Good Governance*, p. xix.

## About CIC

The Canadian International Council (CIC) is a non-partisan, nationwide council established to strengthen Canada's role in international affairs. It seeks to advance research and dialogue on international issues by supporting a Canadian foreign policy network that crosses academic disciplines, policy areas, and economic sectors. The CIC will feature a privately funded fellowship program, which will be supported by a network of issue-specific working groups. Carefully selected CIC fellows will focus on important foreign policy issues, working out of universities and research institutions across the country.

Operating on the premise that the application of expert and evidence-based research on complex issues provides the cornerstone for effective policy, the CIC will take its place on the international stage in a role analogous to that of the Council on Foreign Relations in the United States, Chatham House in the United Kingdom, and the European Council on Foreign Relations.

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